

City of Rockville Retirement Board

June 5, 2009

PRESENT: Alex Espinosa, Chairperson; Cpl. Chris Peck, FOP Representative; Anita McCombs, AAME Representative; Phyllis Marcuccio, Councilmember; Carlos Vargas for City Manager; Greg Hazlett, Citizen Representative. Also in attendance were Gavin Cohen, Executive Secretary to the Board; Stacey Tate, Budget Management Officer, as well as George Kiriakos and Taylor Dabrowski, Segal Advisors.

ABSENT: Kyle France, Union Representative.

The meeting commenced at 10:00 a.m. and started with introductions.

I. Approval of Trustees Resolution:

Mr. Cohen presented the Trustees Resolution to the Board members present. He explained that the City's Custodian, Exeter Trust Company would like to have a clear understanding of who is authorized to act on behalf of the Trustees. The trust needs to be funded before June 30, 2009. The resolution grants specific authority to the City Manager and the Secretary to the Board to act as authorized signers on documents that are specific to administering the City's Retiree Benefit Trust. In practice all documents will contain both authorized signatories. After some discussion of terminology it was decided that the resolution would be circulated to all Trustees to sign. Mr. Hazlett made a motion to approve the resolution, Ms. Marcuccio seconded. All were in favor.

The Board meeting adjourned at 10:05 a.m.

The [sub-committee](#) commenced at 10:10 a.m. In attendance were Alex Espinosa, Chairperson; Cpl. Chris Peck, FOP Representative; Phyllis Marcuccio, Councilmember; Carlos Vargas for City Manager; Greg Hazlett, Citizen Representative. Also in attendance were Gavin Cohen, Executive Secretary to the Board; Stacey Tate, Budget Management Officer, as well as George Kiriakos and Taylor Dabrowski, Segal Advisors.

II. Review of Materials for Fixed Income Search DB Plan:

Mr. Kiriakos and Ms. Dabrowski from Segal Advisors attended the meeting of the sub-committee of the Investment Committee to discuss two fixed income searches (one for the DB Plan and the other for the Thrift Plan). These searches are both intended to view alternatives to the Principal Bond & Mortgage fund.

Mr. Kiriakos first presented the defined benefit search. The managers included in the search book are as follows: Amalgamated Bank, Bradford & Marzec, MD

Sass, Segall Bryant & Hamill and Chicago Equity Partners. Mr. Kiriakos discussed each manager in terms of the organization, investment management team, process, and philosophy and risk controls. Next, he discussed the quantitative components of each manager. After a lengthy discussion, the sub-committee decided to interview three of the active managers: MD Sass, Segall Bryant & Hamill, and Chicago Equity Partners. The manager presentations will take place on Monday, June 15, 2009 at 9:00 a.m.

III. Review of Materials for Fixed Income Search Thrift Plan:

Next, Ms. Dabrowski presented the Fixed Income Mutual Fund Search for the Thrift Plan. There were four options presented in the search: PIMCO Total Return, Met West, JP Morgan and Vanguard. She discussed the qualitative and quantitative components of each manager in the search book. There was continued discussion regarding the vendor search; however, the decision has been tabled for the July 17, 2009 meeting with the full board. After a lengthy discussion, the sub-committee unanimously decided to recommend to the full Board to replace the Principal Bond & Mortgage with the Vanguard Total Bond Index. Ms. Dabrowski noted that she would work with Principal to determine the transition date.

The next meeting for the sub-committee will be held on June 15, 2009 for the manager presentations.